



## SC Department of Employment and Workforce

### NEWS RELEASE

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#### **State's Businesses Can Save on Federal Unemployment Taxes for Second Year**

S.C. businesses can receive the full 5.4 percent credit on their federal unemployment taxes (FUTA) for 2012.

The Palmetto State this month received conditional approval from the U.S. Department of Labor to avoid a potential 0.9 percent credit reduction.

"This is good news for our great state's businesses, which will reap the benefits of FUTA cost savings for the second consecutive year," said Abraham J. Turner, executive director of the SC Department of Employment and Workforce (DEW). "It also marks a positive overall trend for our entire state as the FUTA credit shows our unemployment trust fund is well on its way to solvency."

Federal law requires a reduction in the FUTA tax credit when a state has outstanding federal unemployment loans for two consecutive Januarys and has not made sufficient voluntary payments towards the loan and other solvency improvement measures. However, borrowing states that meet certain criteria can formally ask the Department of Labor for the credit reduction to be avoided.

Part of the criteria is that South Carolina makes a voluntary payment of \$106.5 million towards the outstanding loan balance before Nov. 9. The state made this payment in August.

It is anticipated that the state will continue to avoid these federal penalties each year as South Carolina continues to pay down its loans. The state is on track to have all loans repaid by 2015.

The 2013 state unemployment tax rate table can be accessed on the DEW website at <http://dew.sc.gov/emp-taxes.asp#EmployerTaxRates>.

Businesses should expect to receive their specific rates in mid to late December.

For more information about FUTA and completing federal 940 tax forms, visit [the Internal Revenue Service's webpage](#).

For other unemployment tax-related updates, visit DEW's employer page at <http://dew.sc.gov/emp-important-information.asp> or contact [rateinfo@dew.sc.gov](mailto:rateinfo@dew.sc.gov).

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